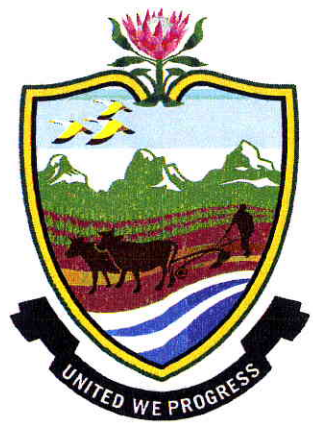


MATATIELE

LOCAL MUNICIPALITY

Matatiele Local Municipality
Annual Financial Statements
for the year ended 30 June 2013

General Information

Members of the Council

N.S. Nkopane	**Mayor**
N. Mshuqwana	**Speaker**
P.A. Mohale	Chief Whip
N.S. Nkopane	Portfolio Head: Budget and Finance
J. Bosman - Magangana	Portfolio Head: Corporate Services
M.M. Mbobo	Portfolio Head: Community Services
G.M. Letuka	Portfolio Head: Special Programmes Unit
P.M. Stuurman	Portfolio Head: LED
M.M. Mbedla	Portfolio Head: Infrastructure
K.C. Biggs	EXCO Member
L.M. Ntshayisa	EXCO Member
T.V. Mongoato	Chairperson: MPAC
P.T. Hloele	Member
M. Lebese	Member
N.A. Nkukhu	Member
N.B. Nkomo	Member
C.N. Sithole	Member
K.B. Pakkies	Member
C.N. Sambane	Member
S.A. Ndlela	Member
S.T. Stuurman	Member
P.C. Ntsolo	Member
S. Baba	Member
I.N. Maketela	Member
S.M. Mzozoyana	Member
L.D. Shemane	Member
P.Z. Bono	Member
N.N. Ndukwana	Member
T. Dyantyi	Member
C.L. Nxesi	Member
S. Mngenela	Member
M.C. Setenane	Member
E.K. Sephuhle	Member
N.S.N. Paula	Member
S. Mavuka	Member
R.T. Mnika	Member
S.M. Jafta	Member
N.C. Ludidi-Mzonke	Member
S.B. Macuphe	Member
T.S. Maqhashalala	Member
P.G. Muir	Member
A.M. Saliwavikwa	Member
N. Njobe	Member
N. Ngwanya	Member
W. Potwana	Member
V.M. Mlandu	Member
J.Z. Munyu	Member
V.C. Sigalelana	Member
L.E. Stuurman	Member

General Information

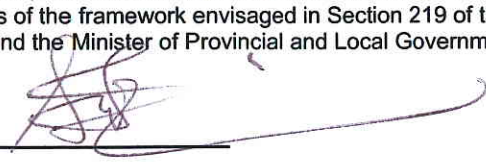
	K.B. Makholwa	Member
	N.E. Kotelana	Member
	P.T. Motjope	Member
Municipal Manager	Dr D.C.T Nakin	
Chief Financial Officer	Mr L. Ndzelu	
Grading of local authority	4	
Registered office	102 Main Street Matatiele 4730	
Physical address	102 Main Street Matatiele 4730	
Postal address	P.O. Box 35 Matatiele 4730	
Bankers	Nedbank	
Auditors	Auditor General	
Tel Number	039 737 3135	
Fax Number	039 737 3611	
Email	manager@matatiele.co.za	

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Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 53, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Dr. D.C.T Nakin
Municipal Manager
30 August 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
ASSETS			
Current Assets			
Inventories	2	545,351	531,557
Investments	3	6,988,604	-
Receivables from non-exchange transactions	4	9,982,597	9,461,863
VAT receivable from exchange transactions	5	4,662,275	299,522
Trade receivables from exchange transactions	6	10,971,130	5,507,320
Cash and cash equivalents	7	77,235,389	102,500,208
		110,385,346	**118,300,470**
Non-Current Assets			
Investment property	8	9,879,755	9,758,255
Property, plant and equipment	9	421,233,593	382,349,185
Intangible assets	10	522,867	430,165
Non-current financial assets	11	-	6,084,739
		431,636,215	**398,622,344**
Non-current assets held for sale and assets of disposal groups	12	-	67,300
Total Assets		**542,021,561**	**516,990,114**
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	13	11,851,408	14,027,913
Consumer deposits	14	239,792	241,992
Unspent conditional grants and receipts	15	16,227,176	23,779,425
Provisions	16	1,429,951	1,912,242
		29,748,327	**39,961,572**
Non-Current Liabilities			
Retirement benefit obligation	17	5,946,524	5,107,285
Provisions	16	10,969,753	6,650,552
		16,916,277	**11,757,837**
Total Liabilities		**46,664,604**	**51,719,409**
Net Assets		**495,356,957**	**465,270,705**
NET ASSETS			
Reserves			
Revaluation reserve	18	328,005,290	281,409,586
Accumulated surplus	47	167,351,667	183,861,119
Total Net Assets		**495,356,957**	**465,270,705**

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Service charges	23	40,322,579	38,261,621
Profit on sale of asset		-	293,195
Rental of facilities and equipment		533,522	482,505
Licences and permits		2,094,048	1,897,270
Other income	24	5,296,150	794,227
Interest earned- external investments	25	7,861,036	6,926,590
Property rates	26	15,500,969	13,234,519
Government grants & subsidies	27	152,460,294	125,711,154
Fine receipts		1,508,615	1,650,860
Total revenue		**225,577,213**	**189,251,941**
Expenditure			
Employee related costs	28	(57,368,499)	(46,428,750)
Remuneration of councillors	29	(13,899,579)	(13,275,611)
Depreciation and amortisation	30	(17,083,688)	(15,905,291)
Finance costs	31	(4,274,680)	(563,505)
Debt impairment	32	-	(2,609,770)
Loss on disposal of assets		(5,064,153)	(2,445,181)
Repairs and maintenance		(10,290,130)	(9,450,048)
Bulk purchases	33	(24,556,468)	(21,898,140)
Contracted services		(12,328,837)	(9,363,486)
Grants and subsidies paid	34	(23,662,852)	(8,467,660)
General expenses	35	(26,361,151)	(23,703,314)
Total expenditure		**(194,890,037)**	**(154,110,756)**
Impairment loss		(63,893,245)	(62,166)
(Deficit) / Surplus for the year		**(33,206,069)**	**35,079,019**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	293,303,146	137,536,189	430,839,335
Adjustments			
Change in accounting policy	-	306,513	306,513
Balance at 01 July 2011 as restated	**293,303,146**	**137,842,702**	**431,145,848**
Changes in net assets			
Transfer to housing development fund	-	(6,482)	(6,482)
Net income (losses) recognised directly in net assets	-	(6,482)	(6,482)
Surplus for the year	-	35,079,019	35,079,019
Total	-	35,072,537	35,072,537
Write back of depreciation due to offsetting of accumulated surplus	-	4,715,489	4,715,489
Purchase of Property Plant and Equipment through reserves	-	(15,367,186)	(15,367,186)
Contribution to Capital Replacement Reserve	-	(12,414,857)	(12,414,857)
Write back of depreciation due to offsetting of accumulated surplus	(11,893,560)	-	(11,893,560)
Reserves ring-fenced within accumulated surplus	-	34,012,434	34,012,434
Total changes	(11,893,560)	46,018,417	34,124,857
Balance at 01 July 2012	**281,409,586**	**183,861,119**	**465,270,705**
Changes in net assets			
Transfer to Revaluation reserve	54,200	-	54,200
Transfer to Housing development fund	-	63,335	63,335
Revaluation of Infrastructure assets	62,601,011	-	62,601,011
Reclassification of non-current assets held for sale and adjustment of funding source	67,300	(67,300)	-
Interest on housing development fund	-	(5,708)	(5,708)
Write-off of Community halls	(3,791,295)	3,791,295	-
Net income recognised directly in net assets	58,931,216	3,781,622	62,712,838
Deficit for the year	-	(33,206,069)	(33,206,069)
Total recognised income and expenses for the year	58,931,216	(29,424,447)	29,506,769
Write back of stale cheques	-	579,483	579,483
Write-off of bridge and community hall	(1,110,076)	1,110,076	-
Write back of depreciation due to offsetting of accumulated surplus	(11,103,555)	11,103,555	-
Impairment of assets through revaluation reserve	(19,211)	19,211	-
Write-off of electronic equipment	(102,670)	102,670	-
Total changes	46,595,704	(16,509,452)	30,086,252
Balance at 30 June 2013	**328,005,290**	**167,351,667**	**495,356,957**

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fine receipts		1,508,615	1,650,860
Sale of goods and services		48,101,621	54,670,142
Grants		144,908,045	125,711,154
Interest received		7,861,036	6,926,590
Other receipts		10,537,988	10,655,872
Receipts through reserves		63,335	40,022
		212,980,640	199,654,640
Payments			
Employee costs		(71,268,078)	(59,704,361)
Suppliers		(75,713,099)	(64,235,137)
Interest paid		(4,274,680)	(563,505)
Other payments		(28,732,711)	(8,467,660)
		(179,988,568)	(132,970,663)
Net cash flows from operating activities	37	**32,992,072**	**66,683,977**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(62,297,678)	(36,455,168)
Proceeds from sale of property, plant and equipment	9	5,104,447	-
Purchase of other intangible assets	10	(159,773)	(42,349)
Purchase of financial assets		(6,988,604)	-
Purchase of non current financial assets		-	(788,965)
Proceeds from sale of non-current financial assets		6,084,739	-
Other movements in Infrastructure assets		(22)	-
Net cash flows from investing activities		**(58,256,891)**	**(37,286,482)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of operating lease liability		-	(15,787)
Finance lease payments		-	(18,447)
Net cash flows from financing activities		**-**	**(34,234)**
Net increase in cash and cash equivalents		(25,264,819)	29,363,261
Cash and cash equivalents at the beginning of the year		102,500,208	73,136,947
Cash and cash equivalents at the end of the year	7	**77,235,389**	**102,500,208**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	43,624,028	(3,900,000)	39,724,028	40,322,579	598,551
Rental of facilities and equipment	555,570	-	555,570	533,522	(22,048)
Licences and permits	2,600,000	550,000	3,150,000	2,094,048	(1,055,952)
Other income	1,383,296	(217,966)	1,165,330	5,296,150	4,130,820
Interest received - investment	5,785,000	1,685,000	7,470,000	7,861,036	391,036
Total revenue from exchange transactions	**53,947,894**	**(1,882,966)**	**52,064,928**	**56,107,335**	**4,042,407**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	22,030,230	3,869,770	25,900,000	15,500,969	(10,399,031)
Government grants & subsidies	173,072,449	(42,028,669)	131,043,780	152,460,294	21,416,514
Transfer revenue					
Fines	403,000	80,000	483,000	1,508,615	1,025,615
Total revenue from non-exchange transactions	**195,505,679**	**(38,078,899)**	**157,426,780**	**169,469,878**	**12,043,098**
Total revenue	**249,453,573**	**(39,961,865)**	**209,491,708**	**225,577,213**	**16,085,505**
Expenditure					
Personnel	(62,855,807)	2,258,967	(60,596,840)	(57,368,499)	3,228,341
Remuneration of councillors	(15,497,577)	153,441	(15,344,136)	(13,899,579)	1,444,557
Depreciation and amortisation	(9,583,587)	(4,309,039)	(13,892,626)	(17,083,688)	(3,191,062)
Finance costs	(3,000,000)	2,800,000	(200,000)	(4,274,680)	(4,074,680)
Debt impairment	(2,000,000)	-	(2,000,000)	-	2,000,000
Repairs and maintenance	(12,817,500)	884,000	(11,933,500)	(10,290,130)	1,643,370
Bulk purchases	(28,300,000)	3,000,000	(25,300,000)	(24,556,468)	743,532
Contracted Services	(10,329,782)	(2,321,656)	(12,651,438)	(12,328,837)	322,601
Grants and subsidies paid	(16,454,257)	(12,209,113)	(28,663,370)	(23,662,852)	5,000,518
General Expenses	(34,192,789)	(1,551,761)	(35,744,550)	(31,425,304)	4,319,246
Internal Charges	(1,590,500)	1,562,000	(28,500)	-	28,500
Income foregone	-	(3,500,000)	(3,500,000)	-	3,500,000
Total expenditure	**(196,621,799)**	**(13,233,161)**	**(209,854,960)**	**(194,890,037)**	**14,964,923**
Operating surplus	**52,831,774**	**(53,195,026)**	**(363,252)**	**30,687,176**	**31,050,428**
Fair value adjustments	-	-	-	(63,893,245)	(63,893,245)
Profit before taxation	**52,831,774**	**(53,195,026)**	**(363,252)**	**(33,206,069)**	**(32,842,817)**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**52,831,774**	**(53,195,026)**	**(363,252)**	**(33,206,069)**	**(32,842,817)**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a a going concern for at least the next 12 months.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:
GRAP 18 Segment reporting - issued March 2005
GRAP 20 Related Party Disclosures
GRAP 25 Employee benefits - issued February 2008
GRAP 105 Transfer of functions between entities under common control - issued November 2007
GRAP 106 Transfer of functions between entities not under common control - issued July 2008
GRAP 107 Mergers - Issued November 2010

1.1 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Accounting Policies

1.2 Investment property (continued)

Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.3 Property, plant and equipment

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

INITIAL MEASUREMENT

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

SUBSEQUENT EXPENDITURE

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Accounting Policies

1.3 Property, plant and equipment (continued)

SUBSEQUENT MEASUREMENT

Infrastructure is carried at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made every 4 years such that the carrying amount does not differ from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

DEPRECIATION

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.
Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Infrastructure:	**Years**	**Community:**	**Years**	**Other:**	**Years**
Roads and Paving	10-100	Improvements	25-30	Buildings	25-30
Electricity	15-60	Recreational facilities	15-30	Specialist vehicles	10-15
Water	15-100	Security	15-25	Other vehicles	05-10
Sewerage	16-60			Office equipment	03-15
Landfill Sites	10-65			Furniture and fittings	05-15
Housing	30			Watercraft	15-20
Pedestrian Malls	15-30			Bins and containers	05-15
				Specialised equipment	10-15
				Other plant and equip	02-15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Accounting Policies

1.3 Property, plant and equipment (continued)

DERECOGNITION

Items of municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

A register containing all items of Property, Plant and Equipment along with their residual values, depreciation, accumulated depreciation, impairment loss and revalued amounts are available at the municipal offices.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies

1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	3 - 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Initial recognition and measurement

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Accounting Policies

1.7 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.10 Impairment of non-cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
The recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use.
The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Employee cost

These are all costs paid by an employer in exchange for services rendered by an employee. These included employee benifits such as salaries, bonuses, housing allowance, medical and other contributions, which is recognised in the income statement during the period in which the employee renders the related service. Detailed policies can also be noted under the Employee Benifits note.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.12 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Accounting Policies

1.13 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Measurement

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:
a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.
Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.15 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Government grants

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Accounting Policies

1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of Comparison of Budget and Actual Amounts is disclosed on page 9 of the Annual Financial Statements.

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.
Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.
Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality

Accounting Policies

1.24 Accumulated surplus

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

1.24.1 Housing development fund / Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.
The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the municipality.

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance

1.24.2 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.

- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.

- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

1.25 Revaluation reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

2. Inventories

Consumable stores	542,682	528,888
Medallions - at cost	2,669	2,669
	545,351	**531,557**

Inventories are held for own use with the result that no write downs of inventory to net realisable value were required.

3. Investments

Designated at fair value		
Other financial assets This financial asset will mature in May 2014 and was reclassified from non-current to current financial assets.	6,988,604	-
Current assets		
Designated at fair value	6,988,604	-

Figures in Rand	2013	2012

Fair value information

In accordance with GRAP 104 the financial assets and liabilities of the municipality are listed below.

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Available for sale financial assets		
Bank	4,621,967	1,980,066
Cash on hand	1,250	1,250
Fair value of held to maturity investments		
Investments - Fixed deposits	6,988,604	6,084,739
Short-term investment deposits	72,612,172	100,518,892
Fair values of loans and receivables		
Trade Receivables from Exchange Transactions - Assessment Rates	19,059,424	16,249,438
Trade Receivables from Exchange Transactions - Electricity	3,612,233	3,109,131
Trade Receivables from Exchange Transactions - Refuse	7,297,350	6,775,614
Trade Receivables from Non-Exchange Transactions - Health Subsidy control	505,967	505,967
Trade Receivables from Non-Exchange Transactions - Sundry Debtors Control	326,754	221,467
Trade Receivables from Non-Exchange Transactions - Housing debtors	15,838	19,623
Trade Receivables from Non-Exchange Transactions - Debtors Sundry	10,075,326	10,092,771
Trade Receivables from Non-Exchange Transactions - Debtors Interest	377,908	207,022
Trade Receivables from Non-Exchange Transactions - Pre-paid expenses	-	46,630
Financial liabilities at amortised cost		
Consumer Deposits - Electricity and Water	239,792	241,992
Creditors - Trade Creditors	5,998,890	6,793,385
Creditors - Payments received in Advance	897,352	2,759,934
Creditors - Staff Bonuses	1,140,518	922,225
Creditors - Other Creditors	396,608	2,473,554
Creditors - Income received in advance	34,703	18,510
Unspent Conditional Grants and Receipts - National Government Grants	11,728,654	12,416,884
Unspent Conditional Grants and Receipts - Provincial Government Grants	1,962,614	4,020,368
Unspent Conditional Grants and Receipts - Local Government Grants	271,860	168,929
Unspent Conditional Grants and Receipts - Other Spheres of Government	2,264,048	7,173,244

Figures in Rand	2013	2012

Fair value hierarchy of financial assets at fair value through surplus or deficit

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy as required by IFRS 7. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and the levels have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Level 2		
Short term deposits	72,612,172	100,518,892
Bank balances and cash	4,621,967	1,981,316
	77,234,139	**102,500,208**
Level 3		
Payments received in advance	(897,352)	(2,759,934)
Consumer deposits	(239,792)	(241,992)
	(1,137,144)	**(3,001,926)**
Total financial instruments	**76,096,995**	**99,498,282**

There were no level 1 financial instruments. Total financial instruments equate to R76 096 995 (2012: R99 498 282).

4. Receivables from non-exchange transactions

Sundry Debtors Control	326,754	221,476
Debtors Sundry	10,075,326	10,092,771
Housing Debtors	15,838	19,623
Health Subsidy Control	505,967	505,967
Debtors Interest	377,908	207,022
Pre-paid Expenses	-	46,630
Less: Provision for Impairment	(1,319,196)	(1,631,626)
	9,982,597	**9,461,863**

Receivables from non-exchange transactions pledged as security

Health Subsidy Control relates to expenses incurred by the municipality on an agency basis on behalf of the Provincial Government , a sundry debtor is raised which will be recovered.

Sundry Debtors relates to Alfred Nzo District Municipality and Sisonke District Municipality for transfer of water services.

5. VAT receivable from exchange transactions

VAT	4,662,275	299,522

VAT is payable on the payments basis. Once payment is received from debtors, VAT is paid over to SARS.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

6. Trade receivables from exchange transactions

Gross balances		
Rates	19,059,424	16,249,438
Electricity	3,612,233	3,109,131
Refuse	7,297,350	6,775,614
	29,969,007	**26,134,183**
Less: Allowance for impairment		
Rates	(12,948,989)	(13,601,257)
Electricity	(685,846)	(1,303,046)
Refuse	(5,363,042)	(5,722,560)
	(18,997,877)	**(20,626,863)**
Net balance		
Rates	6,110,435	2,648,181
Electricity	2,926,387	1,806,085
Refuse	1,934,308	1,053,054
	10,971,130	**5,507,320**
Rates		
Current (0 -30 days)	300,699	48,865
31 - 60 days	289,323	4,907
61 - 90 days	209,339	392,844
91 - 120 days	177,744	348,273
121 - 150 days	248,351	250,463
> 150 days	17,833,968	15,204,086
Impairment	(12,948,989)	(13,601,257)
	6,110,435	**2,648,181**
Electricity		
Current (0 -30 days)	1,531,561	1,491,474
31 - 60 days	358,326	419,988
61 - 90 days	90,044	125,905
91 - 120 days	183,015	541,135
121 - 150 days	47,945	45,981
> 150 days	1,401,342	484,648
Impairment	(685,846)	(1,303,046)
	2,926,387	**1,806,085**
Refuse		
Current (0 -30 days)	335,888	587,552
31 - 60 days	320,451	346,703
61 - 90 days	238,126	256,955
91 - 120 days	202,376	224,203
121 - 150 days	182,641	206,126
> 150 days	6,017,868	5,154,075
Impairment	(5,363,042)	(5,722,560)
	1,934,308	**1,053,054**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(20,626,863)	(17,643,299)
Contributions to provision	-	(2,983,564)
Debt impairment written off against allowance	1,628,986	-
	(18,997,877)	**(20,626,863)**

Figures in Rand	2013	2012

6. Trade receivables from exchange transactions (continued)

The fair value of consumer debtors was determined after considering the standard terms and conditions of agreement entered into between the municipality and Consumer Debtors as well as the current payment ratios of the municipality's consumers.

As of 30 June 2013, trade and other receivables of R18 997 877 (2012: R 20 626 863) were impaired and provided for.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,250	1,250
Bank balances	4,621,967	1,980,066
Short-term deposits	72,612,172	100,518,892
	77,235,389	**102,500,208**

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents, recorded at amortised cost in the Annual Financial Statements, approximate their fair values.

Short-term deposits represent investments held at various financial institutions. An investment register detailing these accounts is available at the municipal offices.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Nedbank - Matatiele (Main) Account number 1011292106	9,123,086	2,051,733	4,311,442	1,765,742
Standard Bank - Matatiele Account number 060435224	120,169	137,734	120,169	137,734
First National Bank - Matatiele Account number 62108495817	190,356	76,590	190,356	76,590
Total	**9,433,611**	**2,266,057**	**4,621,967**	**1,980,066**

8. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	9,879,755	-	9,879,755	9,758,255	-	9,758,255

Reconciliation of investment property - 2013

	Opening balance	Transfer from Non-current assets held for sale	Total
Investment property	9,758,255	121,500	9,879,755

Figures in Rand	2013	2012

8. Investment property (continued)

Investment Property Information

The addition of R121 500 is the reclassification from Non-current assets held for sale to Investment property. See note 12.

All of the municipality's investment properties are held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality and are held for capital appreciation.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

A register of Investment property is available at the municipal offices.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	30,473,124	(1,820,911)	28,652,213	28,380,841	(1,196,142)	27,184,699
Infrastructure	355,750,545	(63,893,265)	291,857,280	290,282,032	(26,851,834)	263,430,198
Community	89,946,572	(9,676,043)	80,270,529	87,395,198	(6,830,304)	80,564,894
Other property, plant and equipment	29,801,797	(9,348,226)	20,453,571	19,042,130	(7,872,736)	11,169,394
Total	**505,972,038**	**(84,738,445)**	**421,233,593**	**425,100,201**	**(42,751,016)**	**382,349,185**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Capital under construction	Write off	Revaluations	Other changes and movements	Depreciation	Impairment loss	Total
Land and buildings	27,184,699	231,196	1,861,087	-	-	-	(624,769)	-	28,652,213
Infrastructure	263,430,198	21,194,959	20,160,309	(414,615)	62,601,011	-	(11,221,337)	(63,893,245)	291,857,280
Community	80,564,894	1,722,491	5,838,883	(4,589,425)	-	-	(3,266,314)	-	80,270,529
Other property, plant and equipment	11,169,394	11,288,753	-	(100,407)	-	30	(1,904,199)	-	20,453,571
	382,349,185	**34,437,399**	**27,860,279**	**(5,104,447)**	**62,601,011**	**30**	**(17,016,619)**	**(63,893,245)**	**421,233,593**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Capital under construction	Write off	Depreciation	Impairment loss	Total
Land and buildings	27,275,409	179,300	350,271	-	(620,281)	-	27,184,699
Infrastructure	243,915,603	30,493,974	1,510,765	(2,730,778)	(9,759,366)	-	263,430,198
Community	81,092,865	691,516	2,202,525	-	(3,422,012)	-	80,564,894
Other property, plant and equipment	12,296,754	1,026,817	-	(313,975)	(1,778,036)	(62,166)	11,169,394
	364,580,631	**32,391,607**	**4,063,561**	**(3,044,753)**	**(15,579,695)**	**(62,166)**	**382,349,185**

Revaluations

The effective date of the revaluations was 30 June 2013. Revaluations were performed by independent valuer, Mr Kirubalingam Shunmugam at the reporting date. Mr Kirubalingam Shunmugam is not connected to the municipality. Mr Kirubalingam Shunmugam has the following qualifications: ND Civil Eng. Materials and NHD Civil Eng. Materials. Revaluation pertains to that of infrastructure assets as per the revaluation model adopted for infrastructure assets.

Land and buildings are re-valued independently every 4 years.

The valuation was performed using data based on arms length transactions.

These assumptions were based on current market conditions.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

10. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	662,289	(139,422)	522,867	502,516	(72,351)	430,165

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	430,165	159,773	(67,071)	522,867

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	434,922	42,349	(47,106)	430,165

Other information

All of the municipality's intangible assets are held under freehold interests and no intangible assets have been pledged as security for any liabilities of the municipality.

11. Non-current financial assets

The municipality has a fixed deposit with Nedbank to the value of R6 988 604, maturing in May 2014. Accordingly, this investment has been reclassified from Non-current to current investments. This can be seen in note 3.

Fixed deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 2.65% to 5% per annum. The management of the municipality is of the opinion that the carrying value of Investments carried at amortised costs in the Annual Financial Statements approximate their fair values.

12. Non-current assets held for sale

In the prior year the municipality had R67 300 worth of non-current assets held for sale. In the current year this was revalued to an amount ot R121 500. The municipalities intentions with regards to these assets has changed and therefore does not meet the criteria of GRAP 100. It has therefore been reclassified as investment property. This can be seen in note 8. The surplus of R54 200 has been transferred to Revaluation reserve.

13. Payables from exchange transactions

Trade payables	5,998,890	6,793,385
Leave provision	3,383,337	2,473,554
Income received in advance	34,703	18,510
Payments received in advance	897,352	2,759,934
Other creditors	396,608	1,060,305
Bonus accrual	1,140,518	922,225
	11,851,408	**14,027,913**

Figures in Rand	2013	2012

13. Payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Income received in advance is due to payments received for hall hire and prepaid electricity.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Bonus accrual is calculated on a 13th cheque attributable to all staff.

14. Consumer deposits

Electricity	239,792	241,992

Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer deposits approximate their fair values. The fair value of Consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National government grants	11,728,654	12,416,884
Provincial government grants	1,962,614	4,020,368
Local government grants	271,860	168,929
Other spheres of government	2,264,048	7,173,244
	16,227,176	**23,779,425**

The nature and extent of government grants recognised in the annual financial statements are an indication of other forms of government assistance from which the municipality has directly benefited.

Unfulfilled conditions and other contingencies attached to government assistance that has been recognised. Refer to note 27.

Figures in Rand	2013	2012

16. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	5,843,804	4,268,158	-	10,111,962
Provision for long service award	1,384,345	164,106	(69,908)	1,478,543
Performance bonus	1,087,709	-	(550,298)	537,411
Post retirement medical aid benefits	246,936	24,852	-	271,788
	8,562,794	**4,457,116**	**(620,206)**	**12,399,704**

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Environmental rehabilitation	5,334,162	509,642	5,843,804
Provision for long service award	896,584	487,761	1,384,345
Performance bonus	1,038,993	48,716	1,087,709
Post retirement medical aid benefits	209,016	37,920	246,936
	7,478,755	**1,084,039**	**8,562,794**

Non-current liabilities	10,969,753	6,650,552
Current liabilities	1,429,951	1,912,242
	12,399,704	**8,562,794**

Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5 years and every 5 years thereafter of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Water Affairs and Forestry, " All land fills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alia, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by ADV. C P Herbst, whom is a mineral and enviromental laws consultant. This was carried out on the 17 July 2013 for the effective date, 30 June 2013. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

Figures in Rand	2013	2012

16. Provisions (continued)

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The land fill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:

- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 90 rand per square meter based on previous closure of the Ducats landfill. Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

The monetary value for the provision for the landfill site at 30 June 2013 is R 10 111 962.

17. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-Employment Health Care Benefit Liability	(6,218,312)	(5,354,221)
Movement in current provisions	271,788	246,936
Net liability	**(5,946,524)**	**(5,107,285)**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Chanan Weiss of ARCH Actuarial Consulting, Fellow of the faculty of Actuaries and Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	5,354,221	2,958,546
Liabilities extinguished on settlements	(246,936)	(209,016)
Net expense recognised in the statement of financial performance	1,111,027	2,604,691
Closing balance	**6,218,312**	**5,354,221**

Net expense recognised in the statement of financial performance

Current service cost	609,600	156,068
Interest cost	404,605	232,007
Actuarial losses	96,822	2,216,616
Total included in employee related costs	**1,111,027**	**2,604,691**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Average retirement age - females	63	63
Average retirement age - males	63	63
Discount rates used	8.99 %	7.73 %
Health care cost inflation rate	8.13 %	7.09 %
Net effective discount rate	0.79 %	0.60 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1,247,400	835,500
Effect on defined benefit obligation	7,278,000	5,377,000

Amounts for the current and previous three years are as follows:

	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	6,218,312	5,354,221	2,958,546	3,122,956
Fair value of plan assets	-	-	-	-
Surplus (deficit)	(6,218,312)	(5,354,221)	(2,958,546)	(3,122,956)

18. Revaluation reserve

Opening balance	281,409,586	293,303,146
Change during the year	(11,103,555)	(11,893,560)
Revaluation on Infrastructure assets	62,601,011	-
Write-off of Community halls	(3,791,295)	-
Write-off of electronic equipment	(102,670)	-
Transfer to revaluation reserve	54,200	-
Reclassification of Non-current assets held for sale and adjustment of funding	67,300	-
Write-off of Khawe hall	(798,130)	-
Write-off of Zama Zama bridge	(311,946)	-
Write-off of other assets	(19,211)	-
	328,005,290	**281,409,586**

The revaluation reserve arise on the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council do not currently intend to make any distributions from the revaluation reserve.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

19. Capital replacement reserve

The capital replacement reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instrument investments.

Change during the year	-	1,966,489
Transfer to accumulated surplus (ring-fenced within)	-	(1,966,489)
	-	-

20. Government grant reserve

The goverment grant reserve equals the carrying value of the items of property, plant and equipment financed from goverment grants. The goverment grants reserve ensure consumer equity and is not backed by cash.

Change during the year	28,898,226	20,082,582
Transfer to accumulated surplus (ring-fenced within)	(28,898,226)	(20,082,582)
	-	-

21. Housing development fund

The housing development fund has its origin from loans extinguished by government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Changes during the year	63,335	69,804
Transfer to accumulated surplus (ring-fenced within)	(63,335)	(69,804)
	-	-

22. Revenue

Service charges	40,322,579	38,261,621
Profit on sale of asset	-	293,195
Rental of facilities and equipment	533,522	482,505
Licences and permits	2,094,048	1,897,270
Other income	5,296,150	794,227
Interest received - investment	7,861,036	6,926,590
Property rates	15,500,969	13,234,519
Government grants & subsidies	152,460,294	125,711,154
Fine receipts	1,508,615	1,650,860
	225,577,213	**189,251,941**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	40,322,579	38,261,621
Profit on sale of asset	-	293,195
Rental of facilities and equipment	533,522	482,505
Licences and permits	2,094,048	1,897,270
Other income	5,296,150	794,227
	48,246,299	**41,728,818**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

22. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue:		
Property rates	15,500,969	13,234,519
Transfer revenue:		
Government grants & subsidies	152,460,294	125,711,154
Fine receipts	1,508,615	1,650,860
Interest received - investment	7,861,036	6,926,590
	177,330,914	**147,523,123**

23. Service charges

Sale of electricity	33,911,583	32,488,968
Refuse removal	6,410,996	5,772,653
	40,322,579	**38,261,621**

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

24. Other income

Nature reserve chalets	16,316	13,833
Telephone private calls	207	3,178
Electricity connections	110,282	86,098
Service connection	30,872	44,258
Sundry services	124,561	49,449
Wood sales	175	746
Pool fees	13,768	11,434
Nature reserve annual licence	6,404	6,842
Nature reserve daily fishing	7,632	7,232
Rates certificates	3,824	3,824
Building exemption certificates	4,634	3,351
Building plans	143,607	117,961
Provision movement in receivables from non-exchange transactions	2,034,920	-
Library membership fees	155	212
Photo copies	5,850	697
Plant hire	1,509	3,281
Pound fees	317,856	207,525
Cemetery fees	66,393	68,215
Tender documents	220,035	75,600
Nature reserve income	132	79,450
Driveway hardening	7,734	11,041
Provision movement for performance bonuses	550,298	-
Provision movement for consumer debtors	1,628,986	-
	5,296,150	**794,227**

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

25. Investment revenue

Interest revenue		
Interest on short-term bank deposits	5,571,813	5,257,442
Loans and receivables	2,289,223	1,669,148
	7,861,036	**6,926,590**

Figures in Rand	2013	2012

26. Property rates

Rates received

Commercial	13,076,684	12,504,807
Residential	6,465,022	6,411,752
Agricultural	1,513,747	1,452,217
Vacant land	493,001	479,940
Municipal and Local Government (Rural)	7,401,860	-
Exempted properties	(9,431,380)	(6,109,560)
Previous year interim rates	-	(340,706)
Less: Rebates (Phase-in)	(4,017,965)	(1,163,931)
	15,500,969	**13,234,519**

Assessment rates are levied on the value of land and improvements, for which a valuation is performed every four years. Valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Valuations

Residential	429,712,000	332,063,000
Commercial	724,310,000	720,323,000
Agricultural	402,485,000	401,505,000
Vacant land	27,307,000	27,646,000
Municipal and Local Government (Rural)	409,985,000	-
Exempted properties	98,725,000	111,166,000
	2,092,524,000	**1,592,703,000**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R1.44 (2012: R1.44) is applied to residential property valuations and R1.73 (2012: R1.73) to commercial property valuations to determine assessment rates. Rebates of 35% (2012: 35%) are granted to residential property owners and 10% (2012: 10%) to commercial property owners.

Rates are levied on an annual basis with the final date for payment being 30 September 2013 (30 September 2012). Interest at 18% per annum (2012: 18%) and a collection fee of 0% (2012: 0%), is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2014.

Figures in Rand	2013	2012

27. Government grants and subsidies

Operating grants		
Equitable share	105,328,000	92,449,000
	105,328,000	92,449,000
Capital grants		
National: FMG grant	1,500,000	1,450,000
National: MIG grant	29,262,793	24,994,125
National: MSIG grant	998,436	591,564
DME Electrification	3,991,137	-
Local Government - Local municipalities	-	455,692
Other government	8,215,198	1,637,979
Provincial: Treasury	1,664,827	1,930,078
Provincial: DEAT	1,137,336	1,441,076
FIFA World Cup	-	100,000
Vuna Awards	85,000	-
Conference centre and lodges	71,737	554,387
Small town & rural village grant	-	107,253
Training CPMD	205,830	-
	47,132,294	33,262,154
	152,460,294	**125,711,154**

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members and to fund operations.

National: FMG/MIG/MSIG funds

Balance unspent at beginning of year	12,416,884	7,287,291
Current-year receipts	37,225,999	30,123,718
Conditions met - transferred to revenue	(31,761,229)	(24,994,125)
Other	(6,153,000)	-
	11,728,654	**12,416,884**

Conditions still to be met - remain liabilities (see note 15).

National goverment grants compromise of the FMG, MIG and the MSIG grants.

FMG Grant
An amount of R1 500 000 was received for the FMG Grant in the current year. The entire amount was spent.

MIG Fund
The MIG Fund had an unspent opening balance of R6 065 448 and received a futher R34 926 000 from National Treasury. The conditional requirements were met for a total of R29 262 793 which was spent during the year, leaving a total of R11 728 654 unspent at year end. National treasury withdrew an amount of R6 153 000 from this grant previously given in prior periods.

MSIG Fund
The MSIG Fund had an unspent opening balance of R198 436. An amount of R800 000 was received in the current year. The conditional requirements were met and therefore the entire balance was spent during the current year.

Figures in Rand	2013	2012

27. Government grants and subsidies (continued)

Provincial government

Balance unspent at beginning of year	4,020,368	6,375,108
Current-year receipts	744,409	484,360
Conditions met - transferred to revenue	(2,802,163)	(2,839,100)
	1,962,614	**4,020,368**

Conditions still to be met - remain liabilities (see note 15).

When demarcated from the province of KwaZulu Natal to the province of the Eastern Cape, the municipality received an establishment grant. This grant was used to cater for the bigger demarcated area and is spent is accordance with a business plan. The Unspent grant for this amounts to R1 648 812 (2012: R3 000 079).

The remainder of the provincial grant are funds used to fence the nature reserve. The unspent grant amounts to R313 802 (2012: R1 020 289).

Local government

Balance unspent at beginning of year	168,929	835,987
Current-year receipts	174,668	350,000
Conditions met - transferred to revenue	(71,737)	(1,017,058)
	271,860	**168,929**

Conditions still to be met - remain liabilities (see note 15).

The District Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and to contribute in the development of the Integrated Development Plan and Community Based Plans processes.

Other grants

Balance unspent at beginning of year	7,173,244	6,232,301
Current-year receipts	7,587,969	3,216,030
Conditions met - transferred to revenue	(12,497,165)	(2,275,087)
	2,264,048	**7,173,244**

Conditions still to be met - remain liabilities (see note 15).

Grants received for Local Economic Development Projects and Extended Public Works Programme incentive.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

28. Employee related costs

Basic	42,355,861	33,281,191
Bonus	1,853,876	1,480,652
Medical aid - company contributions	1,034,541	839,800
UIF	363,070	324,337
WCA	885,558	-
SDL	21,870	12,447
Leave pay provision charge	1,118,733	635,642
Defined benefit plan expense	1,028,197	2,883,436
Post-employment benefits - Pension - Defined contribution plan	4,345,890	3,643,605
Overtime payments	1,478,078	1,162,544
Other allowances	36,900	27,500
Car allowance	2,042,776	1,699,457
Housing benefits and allowances	803,149	438,139
	57,368,499	**46,428,750**

Post employment benefits comprises an amount of R4 345 890 (2012 R3 643 605) which are pension payments.

Remuneration of Municipal Manager

Annual Remuneration	813,806	747,622
Car Allowance	230,520	230,520
Contributions to UIF, Medical and Pension Funds	1,713	-
	1,046,039	**978,142**

Dr D.C.T Nakin served as Municipal Manager for the entire year under review.

Remuneration of Chief Financial Officer

DC Van Zyl		
Annual Remuneration	-	312,030
Car Allowance	-	95,576
Contributions to UIF, Medical and Pension Funds	-	98,319
K Mehlomakulu		
Acting allowance	-	33,000
L Ndzelu		
Annual remuneration	686,837	157,500
Car Allowance	210,000	52,500
Contributions to UIF, Medical and Pension Funds	1,713	-
	898,550	**748,925**

Mr. L. Ndzelu was the Chief Financial Officer for the entire year under review.

Figures in Rand	2013	2012

28. Employee related costs (continued)

Remuneration of Corporate Services Manager

ZJ Mkhize		
Annual Remuneration	292,750	597,529
Car Allowance	80,000	192,000
Contributions to UIF, Medical and Pension Funds	672	-
T Somtseu		
Annual Remuneration	188,768	-
Car Allowance	36,000	-
Contributions to UIF, Medical and Pension Funds	446	-
	598,636	**789,529**

Mr Z.J. Mkhize served as Corporate Services Manager for the period until November 2012. The position was filled on 1 April 2013 by Mr T. Somtseu.

Remuneration of Community Services Manager

Annual Remuneration	578,974	452,262
Car Allowance	226,375	150,000
Contributions to UIF, Medical and Pension Funds	93,200	88,191
	898,549	**690,453**

Mr S.M. Mbedla served as Community Services Manager for the entire year under review.

Remuneration of the EDP Manager

Acting Allowance	387,579	231,618
Annual Remuneration	181,350	-
Car Allowance	51,000	-
Contributions to UIF, Medical and Pension Funds	7,363	-
	627,292	**231,618**

No new EDP Director was appointed in the prior year. Ms G.R. Tobia has been the Acting EDP Director in the prior and current year. Ms G.R. Tobia was appointed as EDP Director on 1 April 2013.

Remuneration of the Infrastructure Manager

Tshitshi		
Annual Remuneration	122,392	621,376
Car Allowance	26,708	166,832
Contributions to UIF, Medical and Pension Funds	398	-
Acting Allowance	174,040	-
N Ntloko		
Acting allowance	174,040	-
M Somi		
Annual Remuneration	109,659	-
Car Allowance	40,000	-
Contributions to UIF, Medical and Pension Funds	297	-
	647,534	**788,208**

Figures in Rand	2013	2012

28. Employee related costs (continued)

Miss N Ntloko has been the Acting Infrastructure Manager from November 2012. The post was vacant from September 2012 until April 2013. The position was filled on 1 May 2013 by Mr M. Somi.

Staff leave benefits

Municipal Manager	133,715	137,292
Chief Financial Officer	67,310	28,930
Corporate Services Manager	35,891	94,340
Community Services Manager	57,791	47,365
EDP Manager	42,762	40,455
Infrastructure Manager	15,602	39,149
Strategic Manager	(57,791)	-
	295,280	**387,531**

29. Remuneration of councillors

Mayor	437,144	414,952
Executive Committee	2,041,172	2,049,982
Speaker	390,720	369,403
Councillors	6,226,367	6,775,111
Company contributions to UIF,medical aid and pension fund	673,200	274,948
Sundry allowances (Cellular phones, housing and vehicles)	4,130,976	3,391,215
	13,899,579	**13,275,611**

In-kind benefits

The Mayor, the Speaker, the Chief Whip and four Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has a driver/bodyguard.

30. Depreciation and amortisation

Property, plant and equipment	17,083,688	15,905,291

31. Interest paid

Bank	-	212
Late payment of tax	-	52,855
Other interest paid	4,274,680	510,438
	4,274,680	**563,505**

32. Debt impairment

Contributions to debt impairment provision	-	2,609,770

33. Bulk purchases

Electricity	24,556,468	21,898,140

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of 9.41% (2012: 8.52%) in the current year.

Figures in Rand	2013	2012

33. Bulk purchases (continued)

Water is supplied directly to residents and businesses by the district municipality.

34. Grants and subsidies paid

Grants paid for projects and IDP		
Landfill Site management	-	420,790
Training CPMD	205,830	-
New IDP 2007-10	-	43,120
Nature Reserve Fencing	-	267,234
IDP Support	392,177	266,257
Khutelani Project	-	744,488
Mokhosi Milling Project	1,005,433	17,816
Small town and rural village	-	107,253
Land audit	223,861	121,384
EPWP incentive	7,193,484	938,345
Archive central	85,000	-
Maluti cemetry fence	71,737	-
	9,177,522	**2,926,687**
Other grants and subsidies		
FBS Electricity	6,603,425	1,178,721
PMS - Alfred Nzo	-	171,747
FBS Refuse	3,649,973	237,102
MIG Salaries	936,470	-
FIFA world cup	342,163	100,000
Thina sinako	-	554,387
Office Rental	429,792	414,005
Valuation	-	84,451
MDF Asset Register	25,071	13,662
Capacity building	-	129,552
MSIG	998,436	591,564
Organisational structure	-	6,165
FMG	1,500,000	1,450,000
Greenest town	-	216,881
Mte Tourism Initiative	-	392,736
	14,485,330	**5,540,973**
	23,662,852	**8,467,660**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

35. General expenses

Advertising	601,024	442,048
Auditors remuneration	4,149,556	3,483,244
Bank charges	154,403	151,561
Chemicals	36,632	20,279
Conferences and seminars	766,499	87,224
Consulting and professional fees	4,674,147	3,443,604
Consumables	419,978	466,552
Contribution to bonus provision	218,294	179,346
Delegates expenses	3,788,021	3,456,023
Electricity	110,843	536,851
Entertainment	210,073	5,097
Farming	203,643	-
Fuel and oil	1,287,860	926,020
Hire	91,163	81,303
Insurance	310,137	204,719
Motor vehicle expenses	46,506	35,339
Obsolete stock written off	1,587	506
Other expenses	297,126	-
Postage and courier	124,517	77,544
Printing and stationery	719,504	954,025
Project maintenance costs	1,003,521	3,259,594
Public participation	2,901,445	409,974
Resealing	427,156	834,093
Subscriptions and membership fees	107,539	471,460
Telephone and fax	1,642,407	1,518,529
Town planning	6,803	53,704
Training	1,650,249	2,199,174
Transport and freight	-	61,492
Uniforms	296,163	259,175
Venue expenses	114,355	84,834
	26,361,151	**23,703,314**

36. Auditors' remuneration

Fees	4,149,556	3,483,244

Figures in Rand	2013	2012
37. Cash generated from operations		
(Deficit) surplus	(33,206,069)	35,079,019
Adjustments for:		
Depreciation and amortisation	17,083,688	15,905,291
Loss on sale of assets and liabilities	-	2,445,181
Profit on sale of asset	-	(293,195)
Fair value adjustments	63,893,245	62,166
Obsolete stock written off	-	506
Debt impairment	-	2,609,770
Movements in retirement benefit assets and liabilities	839,239	2,357,755
Movements in provisions	3,836,910	1,084,038
Contribution to leave	-	452,132
Write back of stale cheques	579,483	-
Changes in working capital:		
Inventories	(13,794)	21,713
Other receivables from non-exchange transactions	(520,734)	636,627
Consumer debtors	(5,463,810)	(1,663,414)
Payables from exchange transactions	(2,176,513)	(1,827,223)
VAT	(4,362,753)	6,948,794
Consumer deposits	(2,200)	(63,632)
Unspent conditional grants and receipts	(7,552,249)	3,048,738
Transfer to Housing development fund	63,335	-
Movement in cash-backed reserves	-	(120,289)
Interest on housing development fund	(5,706)	-
	32,992,072	**66,683,977**

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	33,658,427	27,077,547

This committed expenditure which relates to Infrastructure will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Figures in Rand	2013	2012

39. Contingencies

Matatiele Local Municipality vs Mulla
The maximum possible loss from this case is not expected to exceed R55 000.

Matatiele Local Municipality vs SAMWU
Legal costs recovery for an illegal strike.

Mayor vs Matatiele Local Municipality
Reshuffling of the Mayor.

Portershoek Quarry v Matatiele Local Municipality
Lease of land.The municipality is the plaintiff in the above matter. Their machinery has been impounded and is still in our possession, the municipality intends cancelling their mining rights.

Conradie/ Drifters Guesthouse v Matatiele Local Municipality
Claim against the Matatiele Local Municipality for unauthorised booking of accommodation by an employee of the municipality. Mr Conradie is suing us for an amount of R10 000 which he insists he is setting off against the rates owing to the municipality.

40. Related parties

Community liaison officer	Spouse
Community liaison officer	Spouse
Accountant - Payroll	Spouse

Lesang Faniso, spouse of the Community Liaison officer of the municipality, is a member of Shakes and Xolani CC who were appointed on the 1st of June 2012 in relation to the Moiketsi Access Road Project to the value of R1 175 804. The same company was then appointed to assist on the Great Diaho Access Road Project to the value of R1 393 349.

Boitumelo, the spouse of the Accountant - Payroll of the municipality (1 November 2012 - Current), is a member of Sweet Dreams Trading JV Impamgela who were appointed on the 5th of November 2012 in relation to the Kuyasa Access Road Projesct to the value of R925 776.

Services rendered to related parties

Rates		
Councillors	210,368	150,197
Municipal manager and section 56 personnel	10,051	8,818
Services		
Councillors	27,444	22,978
Municipal manager and section 56 personnel	2,023	1,171

Interest of related parties

Councillors and/or management of the municipality had no relationship with businesses to management's best knowledge.

41. Events after the reporting date

There are no events after the reporting date for the current year.

42. Irregular expenditure

Opening balance	525,351	-
Add: Irregular Expenditure - current year	-	525,351
Less: Amounts condoned	(525,351)	-
	-	**525,351**

The municipality was not engaged in any transaction or event during the year under review involving in-kind donations.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

43. In-kind donations and assistance

The municipality was not engaged in any transaction or event during the year under review involving in-kind donations.

44. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	652,288	466,010
Amount paid - current year	(652,288)	(466,010)
	-	-

Audit fees

Current year subscription / fee	4,149,566	3,483,244
Amount paid - current year	(4,149,566)	(3,483,244)
	-	-

PAYE and UIF

Current year subscription / fee	5,264,026	8,019,782
Amount paid - current year	(5,264,026)	(8,019,782)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	-	7,621,068
Amount paid - current year	-	(7,621,068)
	-	-

VAT

VAT receivable	4,662,275	299,522

VAT output payables and VAT input receivables are shown in note 4.

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2013	2012

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Mbobo	3,189	18,639	21,828
NE Kotelana	662	17,198	17,860
SM Ndukwana	709	2,149	2,858
SM Mzozoyana	305	489	794
S Mavuka	304	3,496	3,800
AM Saliwavikwa	2,064	71,756	73,820
AM Saliwavikwa (One stop service station)	2,213	46,917	49,130
JM Mlandu	329	9,625	9,954
M Lebese	461	2,304	2,765
	10,236	**172,573**	**182,809**

Councillor back pay	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
NS Nkopane	-	26,813	26,813
PM Stuurman	-	33,124	33,124
KB Makholwa	-	33,124	33,124
CN Sambane	-	33,124	33,124
PZ Bono	-	33,124	33,124
LE Stuurman	-	33,125	33,125
CP Ntsolo	-	33,857	33,857
NE Kotelana	-	7,166	7,166
PG Muir	-	29,309	29,309
KC Biggs	-	16,477	16,477
VC Sigalelana	-	7,474	7,474
	-	**286,717**	**286,717**

Supply chain management regulations - Deviations

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and be reported to Council for noting. The expenses incurred as listed hereunder have been condoned.

Incident		
In an emergency	64,817	1,023,340
If such goods or services are produced or available from single provider only	262,559	425,013
In any other exceptional case where it is impractical or impossible to follow official procurement processes	6,208,258	4,798,991
	6,535,634	**6,247,344**

Figures in Rand	2013	2012

45. Section 32 procurement

Nile human capital	-	-
Loyiso Consulting Engineers	-	-
Malisakhe Consulting Development Managers	-	-
Makaula and Associates	-	-
Mothapo Consulting Engineers	-	-
Bell Equipment Sales SA LTD	-	-
CNN Development Engineers and Projects	-	-
Alvodex	-	-
Sokhani Consulting Engineers	-	-
Isazo Developments and Projects Managers	-	-
Pride Engineers Consultant	-	-
Down Touch Investments	-	-
Cokisa Consulting Engineers	-	-
Protea Consulting	-	-
MDS Consulting Engineers	-	-
Umnotho Business Consulting	-	-
	-	-

During the current year the Municipality chose to utilise the provisions of section 32 (s32) of the Supply Chain Regulations to award tenders to companies using the competitive bidding process of other Municipalities. The above companies were appointed by way of use of this provision. All sections of the provisions were adhered to in the awarding of bids.

46. Fruitless and wasteful expenditure

Opening balance	167,477	-
Fruitless and wasteful expenditure - current year	-	167,477
Less: amounts condoned	(167,477)	-
	-	**167,477**

The amount for fruitless and wasteful expenditure was incurred and paid in total in the prior year. These were in respect of the following three situations:

- A fine of R100 000 was paid to DEDEA for the construction of an access road on a wet land.
- A penalty of R52 855 was paid to SARS for late payment of third(3rd) party payments.
- A sum of R14 622 was paid to Post master in relation of interest charged on outstanding telkom account.

All of the above expenditure has been condoned in the current year.

47. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2013

	Capital replacement reserve	Government grant reserve	Housing development fund	Total
Opening balance	30,241,383	91,852,450	1,632,319	123,726,152
Transfer to Housing Development Fund	-	-	63,335	63,335
Property, Plant and Equipment purchased	-	33,118,415	-	33,118,415
Contribution to capital replacement reserve	(27,616,572)	-	-	(27,616,572)
Write back of depreciation due to offsetting of accumulated surplus	-	(4,477,263)	-	(4,477,263)
Write off of assets	-	(71,497)	-	(71,497)
	2,624,811	**120,422,105**	**1,695,654**	**124,742,570**

Figures in Rand	2013	2012

47. Accumulated surplus (continued)

Ring-fenced internal funds and reserves within accumulated surplus - 2012

	Capital replacement reserve	Government grant reserve	Housing development fund	Total
Opening balance	28,274,894	71,769,868	1,562,515	101,607,277
Write back of depreciation through Capital Replacement Reserve	116,799	-	-	116,799
Contribution to Capital Replacement Reserve	12,414,857	-	-	12,414,857
Property, Plant and Equipment purchased	(10,565,167)	25,932,353	-	15,367,186
Write-off of Property, Plant and Equipment	-	(1,134,282)	-	(1,134,282)
Write back of depreciation due to offsetting of accumulated surplus	-	(4,715,489)	-	(4,715,489)
Interest received	-	-	63,322	63,322
Transfer to Housing Development Fund	-	-	6,482	6,482
	30,241,383	**91,852,450**	**1,632,319**	**123,726,152**

48. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit and Interest risk

Credit and Interest risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash.

Financial assets exposed to credit and interest risk at year end were as follows:

Financial instrument	**2013**	**2012**
Nedbank	9,123,086	2,051,733
Standard Bank	120,169	137,734
First National Bank	190,356	76,590
Short term investments	72,612,172	100,518,892
Long term Investments	6,988,604	6,084,739

Matatiele Local Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June -1	Received during the period	Redeemed / written off during the period	Balance at 30 June	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
Total long-term loans								
ANNUITY LOAN								
Sanlam @ x%								
GOVERNMENT LOANS								
- Other @ x%								
Total Government Loans								
TOTAL EXTERNAL LOANS								

Name of Municipality

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 0

	Cost / Revaluation					Accumulated Depreciation and Accumulated Impairment							
	Opening Balance	Additions	Write Off	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Land													
Land & Buildings	28 380 841	231 196.02		1 861 087.00	30 473 124.46	1 196 142	624 769			1 820 910.80			28 652 213.66
Landfill Sites			-	-	-	-	-	-	-	-	-	-	-
Quarries		-	-	-	-	-	-	-	-	-	-	-	-
	28 380 841	231 196	-	1 861 087	30 473 124	1 196 142	624 769	-	-	1 820 911	-	-	28 652 214
Infrastructure													
Bridges and Subways	17 255 161.00	2 140 161.00	-327 600.00	-201 419.00	18 866 303.00	670 833.00	366 812.00	-15 654.00		1 021 991.00			17 844 312.00
Electrical Reticulation	19 164 684.00	225 000.00	-109 409.00	3 991 137.00	23 271 412.00	1 460 281.00	540 788.00	-6 739.00		1 994 330.00			21 277 082.00
Roads	195 661 975.00	17 984 211		15 533 835.00	229 180 021.00	19 021 940.00	7 588 897.00		63 893 245.00	90 504 082.00		62 601 011.00	201 276 950.00
Security measures	1 358 098.00	435 375.00			1 793 473.00	24 195.00	416 326.00			440 521.00			1 352 952.00
Solid Waste Sites	6 492 223.00			164 040.00	6 656 263.00					-			6 656 263.00
Storm Water	42 135 801.00	410 212.00			42 546 013.00	4 959 329.00	2 063 616.00			7 022 945.00			35 523 068.00
Street Lighting	6 783 000.00				6 783 000.00	715 236.00	244 898.00			960 134.00			5 822 866.00
Terminals	1 431 090.00			672 717.00	2 103 807.00					-			2 103 807.00
Storm Water					-					-			-
Under construction	-				-					-			-
	290 282 032	21 194 959	-437 009	20 160 310	331 200 292	26 851 814	11 221 337	-22 393	63 893 245	101 944 003	-	62 601 011	291 857 300
Community Assets													
Care Centres	31 976 300				31 976 300.00	2 662 693	1 327 709			3 990 402.21			27 985 897.79
Community Centres	50 502 092	1 722 491.27	-5 010 000.00	5 814 084.00	53 028 667.02	3 849 164	1 780 150	-420 574		5 208 740.29			47 819 926.73
Community Structures	4 109 315	24 799.00			4 134 114.02	270 071	134 666			404 736.79			3 729 377.23
Other Facilities	807 492				807 491.67	48 376	23 789			72 164.94			735 326.73
Stadiums	-												
Halls	-												
Theatre	-												
Swimming Pools	-												
Cemeteries	-												
	87 395 198	1 747 290	-5 010 000	5 814 084	89 946 573	6 830 304	3 266 314	-420 574	-	9 676 044	-	-	80 270 528
Total carried forward	406 058 072	23 173 445	-5 447 009	27 835 481	451 619 989	34 878 260	15 112 420	-442 967	63 893 245	113 440 958	-	62 601 011	400 780 042

Matatiele Local Municipality

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2013

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Total brought forward	406 058 072	23 173 445	-5 447 009	27 835 481	451 619 989	34 878 260	15 112 420	-442 967	63 893 245	113 440 958	-	62 601 011	400 780 042
Other Assets													
Bins and Containers	59 248	361 630	-	-	420 878	7 130	28 122	0	-	35 252	-	-	385 626
Computer Equipment	3 584 252	376 361	-75 070	-	3 885 543	1 938 695	387 097	-59 480	-	2 266 312	-	-	1 619 231
Emergency Equipment	136 755	41 007	-	-	177 762	92 776	6 972	-	-	99 748	-	-	78 014

Furniture and Fittings	2 406 241	68 268	-780	-	2 473 729	998 885	160 551	-624	-	1 158 812	-	-	1 314 917
Motor vehicles	9 476 523	21 000	-210 845	-	9 286 678	2 708 963	1 066 462	-131 409	-	3 644 016	-	-	5 642 662
Office Equipment	670 953	440 825	-8 901	-	1 102 877	413 081	63 538	-7 120	-	469 499	-	-	633 378
Plant & Equipment	1 436 503	9 835 245	-	-	11 271 748	764 605	135 127	-	-	899 732	-	-	10 372 016
Sundry	42 695	-	-	-	42 695	33 919	55	0	-	33 974	-	-	8 721
Tools And Equipment	714 557	139 717	-17 215	-	837 059	551 260	19 125	-13 772	-	556 613	-	-	280 446
Traffic Equipment	298 100	4 700	-	-	302 800	147 539	37 151	0	-	184 690	-	-	118 110
	18 825 827	11 288 753	-312 811	-	29 801 769	7 656 853	1 904 200	-212 405	-	9 348 648	-	-	20 453 121
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**424 883 899**	**34 462 198**	**-5 759 820**	**27 835 481**	**481 421 759**	**42 535 113**	**17 016 620**	**-655 372**	**63 893 245**	**122 789 606**	**-**	**62 601 011**	**421 233 164**

Matatiele Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2013

	Cost / Revaluation					Accumulated Depreciation and Accumulated Impairment							
	Opening Balance	Additions	Write Off	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Land													
Land & Buildings	27 275 409.00	179 300.00	-	350 271.00	27 804 980		-620 281.00	-	-	-620 281.00		-	28 425 261.00
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	27 275 409	179 300	-	350 271	27 804 980	-	-620 281	-	-	-620 281	-	-	28 425 261
Infrastructure													
Bridges and Subways	16 823 111.00	2 267 395.00		-	19 090 506		-293 009.00		-	-293 009.00		-	19 383 515.00
Electrical Reticulation	17 744 984.00	1 469 464.00		-	19 214 448		-516 778.00		-	-516 778.00		-	19 731 226.00
Roads	160 155 977.00	18 357 723.00	-2 730 778.00	989 966.00	176 772 888		-6 826 596.00		-	-6 826 596.00		-	183 599 484.00
Security measures	72 303.00	624 962.00		382 631.00	1 079 896		-23 659.00	-	-	-23 659.00		-	1 103 555.00
Solid Waste Sites	6 648 585.00	-		-	6 648 585		-	-	-	-		-	6 648 585.00
Storm Water	35 076 175.00	7 774 430.00		-681 454.00	42 169 151		-1 853 755.00		-	-1 853 755.00		-	44 022 906.00
Street Lighting	6 783 000.00	-		-	6 783 000		-245 569.00	-	-	-245 569.00		-	7 028 569.00
Terminals	611 468.00	-		819 622.00	1 431 090	-	-	-	-	-		-	1 431 090.00
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
	243 915 603	30 493 974	-2 730 778	1 510 765	273 189 564	-	-9 759 366	-	-	-9 759 366	-	-	282 948 930
Community Assets													
Care Centres	31 976 300.00	-	-	-	31 976 300		-1 772 888.00	-	-	-1 772 888.00		-	-
Community Centres	44 429 470.00	691 516.00		1 972 813.00	47 093 799		-1 490 236.00	-	-	-1 490 236.00		-	-
Community Structures	3 879 603.00		-	229 712.00	4 109 315		-135 035.00	-	-	-135 035.00		-	-
Other Facilities	807 492.00	-	-	-	807 492		-23 853.00	-	-	-23 853.00		-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	81 092 865	691 516	-	2 202 525	83 986 906	-	-3 422 012	-	-	-3 422 012	-	-	-

Total carried forward	352 283 877	31 364 790	-2 730 778	4 063 561	384 981 450	-	-13 801 659	-	-	-13 801 659	-	-	311 374 191

Matatiele Local Municipality

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2013

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	**Additions**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
Total brought forward	352 283 877	31 364 790	-2 730 778	4 063 561	384 981 450	-	-13 801 659	-	-	-13 801 659	-	-	311 374 191
Other Assets					-					-			
Computer Equipment	3 568 429.00	187 294.00	-385 768.00		4 141 491		-409 989.00	-	-	-409 989.00		-	-
Bins and Containers	3 896.00	55 352.00	-	-	59 248		-6 084.00	-	-	-6 084.00		-	-
Emergency Equipment	116 505.00	20 250.00	-	-	136 755		-4 044.00	-	-	-4 044.00		-	-
Motor vehicles	3 699 993.00	29 800.00		-	3 729 793		-1 100 380.00		-62 166.00	-1 162 546.00		-	-
Office Equipment	555 869.00	172 531.00	-	-	728 400		-42 422.00	-	-	-42 422.00		-	-
Plant and equipments	1 358 327.00	78 175.00	-	-	1 436 502		-11 296.00	-	-	-11 296.00		-	-
Sundry	45 050.00	-	-	-	45 050		-5 158.00	-	-	-5 158.00		-	-
Tools and Equipment	746 327.00	20 482.00	-	-	766 809		-27 888.00	-	-	-27 888.00		-	-
Traffic Equipment	158 839.00	139 261.00	-	-	298 100		-20 468.00	-	-	-20 468.00		-	-
Furniture and Fittings	2 043 519.00	323 672.00	-	-	2 367 191		-150 307.00	-	-	-150 307.00		-	-
	12 296 754	1 026 817	-385 768	-	13 709 339	-	-1 778 036	-	-62 166	-1 840 202	-	-	-
Finance Lease Assets													
Office Equipment	-	-	-	-	-		-	-	-	-	-	-	-
Other Assets	-	-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**364 580 631**	**32 391 607**	**-3 116 546**	**4 063 561**	**397 919 253**	-	**-15 579 695**	-	**-62 166**	**-15 641 861**	-	-	**382 277 392**

Matatiele Local Municipality

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Other movements	Carrying value
	R	R	R	R	R	R	R	R		R		R
Revenue and debt management	181 820.00	12 788.00			194 608.00	86 528.00	19 068.00			105 596.00		89 012.00
Supply Chain Management	1 776 333.00	22 832.00			1 799 165.00	158 294.00	100 302.00			258 596.00		1 540 569.00
Administrative& Council support	15 588 924.00	71 038.00			15 659 962.00	1 932 210.00	487 786.00		3 556 687.00	5 976 683.00	13 548 770.00	23 232 049.00
Corporate Services: Government	2 635 240.00	-			2 635 240.00	274 689.00	50 203.00			324 892.00		2 310 348.00
Human Resource Management	2 496 699.00	321 224.00			2 817 923.00	141 980.00	100 672.00			242 652.00	2 000 044.00	4 575 315.00
Information Technology	1 959 267.00	6 615.00			1 965 882.00	1 359 139.00	98 215.00			1 457 354.00		508 528.00
Trading Services	25 805 347.00	196 402.00		-549 764.00	25 451 985.00	3 493 586.00	926 664.00	-82 876.00	8 256 887.00	12 594 261.00	14 578 960.00	27 436 684.00
Waste Management	6 839 725.00	2 517 741.00			9 357 466.00	38 803.00	72 321.00		8 533 450.00	8 644 574.00		712 892.00
Community Services : Government	227 752.00	1 021 000.00			1 248 752.00	11 375.00	22 556.00			33 931.00		1 214 821.00
Public Amenities	105 181 426.00	200 318.00	6 792 435.00		112 174 179.00	3 761 077.00	3 469 761.00		9 916 874.00	17 147 712.00	10 557 833.00	105 584 300.00
Safety and Security	3 425 139.00	2 438 133.00			5 863 272.00	496 571.00	314 749.00		3 875 644.00	4 686 964.00		1 176 308.00
Housing Support	376 973.00	14 150.00			391 123.00	39 127.00	6 830.00			45 957.00		345 166.00
Health and Welfare	450 000.00				450 000.00					-		450 000.00
Economic and Enviromental Services	193 971 116.00	14 805 757.00	5 691 143.00	-3 896 081.00	210 571 935.00	19 725 807.00	8 976 125.00	-336 391.00	14 689 502.00	43 055 043.00	14 252 784.00	181 769 676.00
Environmental Protection	685 273.00	14 404.00	7 229 712.00		7 929 389.00	475 629.03	5 734.00		1 425 876.00	1 907 239.03	570 500.00	6 592 649.97
Development planning		8 500.00			8 500.00		213.00			213.00		8 287.00
Economic and Development Planning	529 789.00	4 310.00			534 099.00	30 327.00	14 168.00			44 495.00		489 604.00
Local Economic Development	1 797 294.00	1 413 056.00			3 210 350.00	2 214 188.00	97 538.00			2 311 726.00	179 000.00	1 077 624.00
Project Management Unit	447 795.00				447 795.00	64 341.00	10 312.00			74 653.00		373 142.00
Technical Services: Government	5 628 874.32				5 628 874.32	1 213 617.00	13 121.00		1 596 487.00	2 823 225.00		2 805 649.32
Government and Administration	6 843 540.00	549 084.00			7 392 624.00	1 535 314.00	595 810.00		3 695 873.00	5 826 997.00		1 565 627.00
Budget and Finance Government	12 334 765.00	105 637.00			12 440 402.00	167 983.00	575 442.00			743 425.00	254 600.00	11 951 577.00
Budget and Treasury Office	30 913 253.00	667 238.00	8 122 191.00		39 702 682.00	1 405 417.00	185 821.00		2 435 157.00	4 026 395.00	5 180 000.00	40 856 287.00
Fleet Management	4 787 555.00	10 071 971.29		-1 313 975.00	13 545 551.29	3 909 111.00	873 209.00	-236 105.00	5 910 808.00	10 457 023.00	1 478 520.00	4 567 048.29
Total	424 883 899.32	34 462 198.29	27 835 481.00	-5 759 820.00	481 421 758.61	42 535 113.03	17 016 620.00	-655 372.00	63 893 245.00	122 789 606.03	62 601 011.00	421 233 163.58

APPENDIX D

MATATIELE LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2013

2012 Actual Income	2012 Budgeted Income	2012 Actual Expenditure	2012 Budgeted Expenditure	2012 Surplus/ (Deficit)	Description	Vote Number	2 013 Actual Income	2 013 Budgeted Income	2 013 Actual Expenditure	2 013 Budgeted Expenditure	2 013 Surplus/ (Deficit)
R	R	R	R	R			R	R	R	R	R
473 510	930 501	26 366 004	26 142 275	(25 892 494)	Executive and Council		477 177	851 990	29 223 661	31 917 518	(28 746 484)
-	-	15 726 441	15 778 824	(15 726 441)	Council	1	-	-	16 835 930	17 624 074	(16 835 930)
107 253	430 501	3 877 281	4 776 611	(3 770 028)	Municipal Manager	2	85 000	368 247	3 378 610	4 104 132	(3 293 610)
266 257	400 000	1 301 871	1 553 144	(1 035 614)	IDP & PMS	3	392 177	483 743	3 664 465	4 225 077	(3 272 287)
		1 079 337	1 399 629	(1 079 337)	Comminic.Protocolt & IGR	4	-	-	1 823 563	2 133 335	(1 823 563)
100 000	100 000	3 132 663	3 251 139	(3 032 663)	SPU	5	-	-	1 948 728	2 136 814	(1 948 728)
		1 248 411	1 382 929	(1 248 411)	Internal Audit	6	-	-	1 572 365	1 694 186	(1 572 365)
111 240 164	122 444 253	29 213 511	36 151 901	82 026 653	Finance and Administration		135 103 804	140 145 017	30 343 074	38 113 595	103 584 384
91 030 757	95 014 955	14 881 810	11 456 142	76 148 947	Finance and Administration	7	109 093 845	106 560 849	15 078 298	10 949 044	94 015 546
91 030 757	1 580 000	7 948 892	9 113 659	83 081 865	Corporate Services						-
	1 693 650	641 351	965 191	(641 351)	Licensing						-
				-	Internal Audit						-
				-	Supply Chain Management						-
				-	Special Programmes Unit						-
				-	Corporate Services						-
				-	Legal Services						-
				-	Human Resources						-
				-	Estates: Office Accommodation						-
				-	Estates: Staff Housing						-
				-	Council Support						-
				-	Budget & Treasury Office						-
				-	Budget Control						-
				-	Accounting Services						-
				-	Regional Levies						-
				-	Systems Administration						-
				-	Municipal Health Services						-
				-	Technical Services Administration						-
				-	Project Management Unit						-
				-	Institutional & Social Development						-
20 209 407	27 429 298	2 625 352	10 994 043	17 584 055	Revenue & Debt Management	8	26 009 959	33 584 169	4 612 595	15 707 437	21 397 364
	-	661 498	966 957	(661 498)	Fleet	40	-	-	1 176 347	770 485	(1 176 347)
	-	3 427 207	3 388 926	(3 427 207)	SCM & Expenditure	9	-	-	1 661 202	1 832 412	(1 661 202)
	-	7 617 644	9 345 833	(7 617 644)	Finance: Governance	10	-	-	9 999 979	9 624 702	(8 999 979)
317 910	593 237	11 248 854	12 731 797	(10 930 944)	Corporate		661 175	457 918	16 697 099	17 552 843	(16 035 924)
90 605	393 237	6 530 794	6 813 936	(6 440 189)	Corporate Services	11	237 141	257 918	11 467 817	11 777 642	(11 230 676)
		1 361 060	1 516 722	(1 361 060)	HR Management	12	-	-	1 931 896	2 212 857	(1 931 896)
		225 404	298 965	(225 404)	Information Technology	13	-	-	74 996	147 500	(74 996)
227 305	200 000	3 131 596	4 102 174	(2 904 291)	Governance	14	424 034	200 000	3 222 389	3 414 844	(2 798 355)
1 447 336	13 535 608	5 780 046	11 355 576	(4 333 310)	Planning and Development		1 557 926	3 387 602	10 103 986	12 811 113	(8 546 060)
-	-			-	Integrated Planning & Economic Development		-	-			-
1 155 040	7 366 486	2 198 002	4 579 339	(1 042 962)	Local Economic Development & tourism	24	1 185 824	1 971 295	5 274 817	6 121 265	(4 088 992)
285 816	1 662 122	1 748 270	3 481 626	(1 462 454)	Planning	23	372 102	1 416 307	3 788 196	5 131 921	(3 416 094)
					Community development & planning						
-	-			-	P I M M S						
-	-	-	-	-	I S R D P						
-	-	-	-	-	Infrastructure Allocations						
				-							
6 480	4 507 000	284 366	793 149	(277 886)	Housing						
-	-	1 550 008	2 501 462	(1 550 008)	Governance	25	-	-	1 040 974	1 557 927	(1 040 974)
1 974 296	2 309 154	1 853 688	2 309 154	120 608	Health		6 410 996	10 496 758	12 710 086	13 542 460	(6 299 090)
1 974 296	2 309 154	1 853 688	2 309 154	120 608	Primary health	19	6 410 996	10 496 758	12 710 086	13 542 460	(6 299 090)
-	-			-	PHS: Queenstown Mobile Unit 1		-	-			-
-	-			-	PHS: Queenstown Mobile Unit 2		-	-			-
-	-			-	PHS: Tylden		-	-			-
-	-			-	PHS: Sterkstroom Town Clinic		-	-			-
-	-			-	PHS: Sterkstroom Mobile Unit		-	-			-
-	-			-	PHS: Masakhe Clinic		-	-			-
-	-			-	PHS: Molteno Town Clinic		-	-			-
-	-			-	PHS: Molteno Mobile Unit		-	-			-
-	-			-	PHS: Nomonde Clinic		-	-			-
-	-			-	PHS: Tarkastad Town Clinic		-	-			-
-	-			-	PHS: Tarkastad Mobile Unit		-	-			-
-	-			-	PHS: Zola Clinic		-	-			-
-	-			-	PHS: Cradock Mobile Unit 1		-	-			-
-	-			-	PHS: Cradock Mobile Unit 2		-	-			-
-	-			-	PHS: Cradock Mobile Unit 3		-	-			-
-	-			-	PHS: Middelburg Mobile Unit 1		-	-			-
-	-			-	PHS: Middelburg Mobile Unit 2		-	-			-
-	-			-	PHS: Hofmeyr Mobile Unit		-	-			-
-	-			-	PHS: Elliotwenia Clinic		-	-			-
-	-			-	PHS: Hofmeyr Town Clinic		-	-			-
-	-			-	PHS: Dordrecht Hlala Uphilile Clinic		-	-			-
-	-			-	PHS: Dordrecht Town Clinic		-	-			-
-	-			-	PHS: Elliot Mobile Unit 1		-	-			-
-	-			-	PHS: Indwe Mobile Unit 1		-	-			-
-	-			-	PHS: Indwe Nompumelelo Clinic		-	-			-
				-							
5 284 875	6 236 189	13 359 909	15 273 042	(8 075 034)	Community and Social Services		4 930 666	5 701 322	12 450 376	19 232 906	(7 519 710)
-	-			-	Community & Social Services		-	-			-
741 415	940 328	2 351 407	4 925 246	(1 609 992)	Public Amenities	15	507 792	547 153	1 878 521	5 912 351	(1 370 729)
1 367	3 000	498 022	706 239	(496 655)	Library Services	16	833	291 000	386 960	874 651	(386 127)
74 353	70 009	58 033	783 950	15 720	Cemetery	32	-	-	-	-	-
-	50 000	176 939	305 816	(176 939)	Museum	17	-	50 000	202 348	274 427	(202 348)
994 975	2 213 664	3 953 919	2 394 169	(2 958 944)	Environment	18	819 902	1 173 169	1 964 396	2 888 914	(1 144 494)
3 547 118	3 018 997	5 355 980	5 763 919	(1 808 862)	Safety and Security	20	3 602 139	3 630 000	6 803 310	7 933 967	(3 201 172)
		1 023 642	1 177 662	(1 023 642)	Governance	22	-	-	1 214 841	1 348 596	(1 214 841)
1 779 313	3 925 586	808 587	1 485 882	970 726	Community halls						
3 478 211	4 593 932	960 862	1 342 969	2 517 349	Nature reserve						
-	-	-	-	-	Housing		5 708	7 000	-	6 830	5 708
-	-	-	-	-	Housing	21	5 708	7 000	-	6 830	5 708
10 579 418	10 871 209	7 952 285	13 807 188	2 627 133	Waste Management		-	-	-	-	-
10 579 418	10 871 209	7 952 285	13 807 188	2 627 133	Solid waste	27	-	-	-	-	-
-	-	-	-	-	Sewerage Services		-	-	-	-	-
				-							
25 946 019	38 126 460	32 469 928	32 416 515	(6 523 909)	Civil Engeneering		36 034 682	47 688 812	41 586 189	39 114 355	(5 551 506)
951 894	4 622 000	31 355 594	30 250 547	(30 403 700)	Roadwork's	26	7 202 727	7 831 655	39 279 097	35 619 654	(32 076 370)
-	-			-	Indirect		#N/A	#N/A	#N/A	#N/A	#N/A
-	-			-	Plant (Public Works)		#N/A	#N/A	#N/A	#N/A	#N/A
-	-			-	Plant (CHDM)		#N/A	#N/A	#N/A	#N/A	#N/A
				-			#N/A	#N/A	#N/A	#N/A	#N/A
24 994 125	33 504 460	905 516	1 061 512	24 088 609	PMU	29	28 831 956	39 857 157	1 471 801	2 389 404	27 360 155
		208 818	1 104 456	(208 818)	Governance	30	-	-	835 291	1 105 297	(835 291)
-	-	-	-	-	Water		-	-	-	-	-
-				-	Water Services Authority		-				-
-	-	-	-	-	Water Network		-	-	-	-	-
				-							
33 962 706	38 914 404	27 781 784	41 489 820	6 180 922	Electricity		38 241 748	44 145 315	39 880 264	37 108 339	(1 638 516)
33 962 706	38 914 404	27 781 784	41 489 820	6 180 922	Electrical Services	28	38 241 748	44 145 315	39 880 264	37 108 339	(1 638 516)
				-							-
-	-	-	-	-	Other		-	-	-	-	-
				-	Grants & Donations	1045-00					-
-	-	-	-	-	Fresh Produce Market		-	-	-	-	-
				-							-
189 251 938	231 651 861	154 172 921	191 368 114	35 079 017	Sub-Total		223 423 884	252 881 734	192 994 735	209 399 959	29 252 802
-	-		-	-	Less: Inter-departmental Charges		-	-		-	-
189 251 938	231 651 861	154 172 921	191 368 114	35 079 017	Total		223 423 884	252 881 734	192 994 735	209 399 959	29 252 802